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CENTRAL INTELLIGENCE AGENCY  
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REPORT

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CD NO.

COUNTRY: China  
SUBJECT: Political; Military  
HOW PUBLISHED: Daily newspaper  
WHERE PUBLISHED: Shang-hai  
DATE PUBLISHED: 13 May 1949  
LANGUAGE: Chinese

DATE OF INFORMATION 1949

DATE DIST. 24 May 1949

NO. OF PAGES 2

SUPPLEMENT TO REPORT NO.

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THIS IS UNEVALUATED INFORMATION

SOURCE Ta Kung Pao.

CHIANG NOT COMMANDING,  
SOUTH CHINA WILL BE DEFENDED

The following information was given by Pao Ching-an, chief of the Executive Yuan Information Department, in statements at a press conference in Kuang-chow (Canton) on 12 May 1949.

1. President Chiang Kai-shek is not directing war operations around Shang-hai.
2. Chiang will not go to Kuang-chow. It is unknown whether or not he will move to Taiwan.
3. Premier Ho Ying-ch'in will not resign to devote himself entirely to military duties. There is no indication that the cabinet will again be re-organized.
4. Kan Chieh-hou will travel to the United States as diplomatic advisor to the Ambassador. As to the rumor that Foreign Minister Fu P'ing-ch'ang is resigning and will be replaced by Kan, Fu has not yet tendered his resignation. The matter should be settled within a few days.
5. At present there is no such organization as the Supreme Policy Council (Tsui-kao Chueh-ts'eh Wai-hui), consisting of 11-15 members, which the KMT is rumored planning to establish.
6. There is no foundation for newspaper reports that autonomy movements are brewing in the Southwest.
7. The government long ago made plans to increase administrative efficiency in the areas under Nationalist control, and they are being carried out by degrees.
8. The government has taken action in the West Hunan rebellion, and favorable results have been obtained. There are no Communist elements among the rebels.

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9. The government will use the following three measures to improve economic conditions in Nationalist areas: reform the tax system to increase revenues, reduce the size of the regular army to decrease expenses, and use present reserves to stabilize the currency.

10. There are no plans at present for industrial and commercial loans to Kuang-chou.

11. If necessary, the Central Government may remove gold bullion and currency from Taiwan at any time.

12. The government has detailed plans for the defense of the provinces of South China, but has not made them public for reasons of military security.

13. There is no foundation for the rumor that the Governor of Kuangtung and the Army Chief of Staff will exchange posts.

14. The present system of estimating transportation fees in terms of silver dollars is illegal and has been stopped. The government is giving careful consideration to a legal procedure.

15. Preparations have been made to prevent the Communists from entering the Kwangtung area. At present, there is no possibility that the Communists will disturb the province.

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